

**Women in Development and Economic Crisis : Gender Security, Gender  
Mainstreaming, and Democratization  
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## **1. The Asian Economic Crisis**

The South-East and East Asian economic crisis, which began in July 1997 following the speculative attack on the Thai baht and its sharp devaluation, immediately affected Thailand, Indonesia, and the Republic of Korea, but eventually affected directly or indirectly, all nations in the Asia Pacific region. The speed and pervasiveness of the contagion effect of the crisis were, in a way, indicative of the deepness of the interdependence and interlocking nature of the economies in this region.

As it often pointed out, the direct trigger of the currency and stock market collapse was a massive reversal of foreign capital flows. It has been estimated that for Indonesia, the Republic of Korea, Thailand, Malaysia and the Philippines, net private inflows dropped by 11 percent of GDP between the end of 1996 and the end of 1997.<sup>1</sup> Not since the 1930s has the world witnessed such a massive economic dislocation in such a short period of time.<sup>2</sup> The financial collapse soon resulted in severe outcomes in the real economy. First, the banking systems were destabilized due to their heavy exposure to unhedged short-term foreign loans, and to further decapitalization caused by the fall in domestic asset prices. Second, corporate sectors similarly exposed to foreign loans found themselves in a debt crisis. Third, the banking crisis resulted in a contraction of credit and a disruption of normal financial intermediation that put even otherwise viable firms under pressure.<sup>3</sup> Difficulties in obtaining working capital and export letters of credit are two often-cited examples. Fourth, the extent of market overreaction toward currency depreciation and the fall in asset prices has proved to be a new crisis-escalating factor, magnifying the severity of impacts on the real economy.

## **2. Japan and the Asian Economic Crisis**

As the biggest advanced economy in Asia, Japan played a leading role in arranging emergency funding, bilaterally and through the International Monetary Fund. However, the Japanese economy was suffering from her own post-bubble syndrome of economic stagnation when the Asian economic crisis broke out. The slowdown of her economy started at the end of 1991. The economy returned to growth in 1996 (3.9%) following the upturn in industrial production in 1994. But, alarmed by the collapse of the financial/real estate bubbles and subsequent instability, including the banking sector's non performing loans problem, Japan was trying to carry out a series of reform measures, including financial system reform, fiscal structural reform, deregulation, decentralization, and administrative reform. These reforms are

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<sup>1</sup> ILO (International Labor Organization), "The social impact of the Asian financial crisis," ILO Regional Office for Asia and the Pacific, Bangkok, 1998.

<sup>2</sup> Paul Dibb, David D. Hale and Peter Prince, "Asia After the Crash," *Survival*, 40 (2), 1998, pp.5-pp.26.

<sup>3</sup> ILO, op.cit.

supposed to promise greater stability in the long run, but they cause unknown risks and instability for some groups and sectors in the short run. Generally speaking, on the eve of the Asian economic crisis, Japan was going through an unstable process of transition, and thus was critically affected by the crisis.

In 1996, Japan's dependency on East Asia amounted to 42.8% for exports and 37.8% for imports, significantly higher than Japan's dependency on the US in the early 1990s. Japan was in the process of increasing capital operations in the region as well, and many Japanese companies felt safe under the dollar-peg system and did not carry out exchange rate hedging. The impact of the economic crisis was immediate, and Japan experienced consecutive minus growth in FY 1997 and FY 1998 by -0.4 and -2.2 respectively. Consequently, Japan's capacity for imports from the region declined, when the region as a whole needed to expand export markets to hasten economic recovery. Despite Japan's massive financial packages to rescue the economies in crisis, Japan was often blamed for its insufficient economic recovery and insulted role as shock absorber of the region. Yet the Japanese economy is heavily dependent on the global economy as well as regional trade and investment opportunities. While Japan was partly responsible for the delay of the recovery process of the other Asian economies, Japan itself was not free from the catastrophic impact of the regional economic crisis, and this resulted in the delay of its own recovery process. It should be noted that despite such difficulties, Japan has committed by far the largest rescue assistance, the total amount of which adds up to more than \$ 44 billion. This is compared to the US's assistance of \$ 12 billion and the entire EU's assistance of \$ 7 billion.

### **3. Common Social Challenges and "Gender Security"**

However, it is important to point out that Japan's large rescue packages could have had a far greater impact on the crisis-stricken society and its people, if, at least, a significant portion of the funding were equipped with a sharper focus on the social dimensions of the crisis. As well all know today, the absence or insufficiency of an effective social safety net in the region magnified the tragedies of the crisis, by expanding the economic crisis to the crisis of communities, families, livelihood, and human development. And above all, it had the most devastating impact on marginalized women and children. Women are highly represented among rural and urban underpaid workers. Their cheap labor often served as the backbone of corporate global competitiveness in the days of the Asian miracle, but they proved to be the first casualty in the days of the Asian economic crisis.<sup>4</sup> If Japan could have intervened with her funding power to create a "fire wall" that deterred financial breakdown and economic

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<sup>4</sup> Vivienne Wee, "Women's Livelihoods in the Asian Economic Crisis," paper presented at the Republic of Korea/World Bank International Conference on Democracy, Market Economy and Development, February 26-27, 1999.

instability from increasing social injustice, such as a rise in infant mortality, food insecurity, poverty of women, numbers of street children, child labor, or trafficking of girls, etc., the rescue packages would have had a deeper impact.

Meanwhile, the social dimensions of the Asian economic crisis were largely shared in Japan as well. A high level of job losses, an abrupt decline in new hiring, a significant rise in underemployment in terms of hours of work and income level, and the consequential social distress, all of which are widely experienced in other Asian economies, are also experienced in Japan.

The gender focus was weak in Japan, as well, as the state and society tried to overcome the social consequences of the recession. In Japan, too, women are the first to lose their jobs. Female college graduates face far greater difficulties than their male friends in finding employment, although gender-based discrimination in employment is legally forbidden. Thus, although there is a significant difference in terms of the degree and the nature of severity of the gender-related social damages of the economic crisis between Japan and other Asian economies, one can point out the isomorphic structural similarities in the lack of gender-specific attention.

We could coin the term “gender security” to focus on women’s right to be free from gender-based social, psychological, and physical deprivation and suffering, particularly at a time of politico-economic difficulties, and to ensure women full and equal participation in the rescue and recovery processes without sacrificing their womanhood and their reproductive health. Gender security is an integral part of human security, just as women’s rights are human rights.

Japan and other Asian nations share many common social challenges, but ensuring gender security during the economic crisis and promoting gender mainstreaming in the recovery process are among the most important common challenges. Japan’s ability to meet these challenges domestically will have region-wide implications. If Japan is able to meet these challenges it is more likely to become a provider externally what one does not fully provide domestically. Thus Japan and other nations in the region share a vital common interest in working together on gender issues for the betterment of all women in the region.

#### **4. From WID (Women in Development) to WIDEC (Women in Development and Economic Crisis)**

The Asian economic crisis has reminded us of the almost forgotten thesis that economic growth, no matter how promising it might look, is not totally free from the vicissitudes and volatility of the market. It has also taught us a new lesson that in the era of globalization, the vicissitudes could be exaggerated and the collateral social damage could become enormous. We could work toward minimizing the volatility, but if it is not possible to eradicate the phase of economic downturn and stalemate, we might as well be prepared for it and try to minimize

the impact on the social dimensions of development and justice. It is one thing to have financial and macro economic problems, but it is another to allow them to easily result in the critical deterioration of social justice, such as the deterioration of medical and health standards, school enrollments, nutrition, protection of children, opportunities for human development, etc. We might recall Amartya Sen's path-breaking focus on the critically important difference between a poor country and a poor country with famines.<sup>5</sup>

Thus we are in need of special double foci: a focus on the phase of the economic crisis and associated difficulties; and a gender-specific focus to prevent the deprivation of the weak. The weak are not just women, but because women are also often the primary caretaker of many other categories of the weak such as children, elderly, handicapped, etc., a special focus on women is most likely to lead to an improvement in the social standard of all, as, for example, was seen in the dramatic empirical finding that the most powerful factor in reducing infant mortality rates was to improve the literacy of young women.<sup>6</sup> Also, a special focus on women is most likely to have a trickle down effect on all other areas of social justice, since it could provide a breakthrough and a new mind set in prioritizing and making social choices.

Gender-specific focus in development has been manifested in the concept of WID (Women in Development), a concept based on the significance of women's role and status in development assistance. Developed during the 1960s and 1970s, the WID concept aims to provide women with opportunities for active participation in development, thus ensuring the effective implementation of assistance programs and ultimately advancing the status of women. In 1983 the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) adopted the OECD/DAC WID Guiding Principles. To address broader gender equality issues, this was replaced last year by the new Guidelines on Gender Equality and Women's Empowerment in Development Cooperation.

It might be useful to expand the concept of WID to WIDEC, Women in Development and Economic Crisis, to cover, and moreover to call attention to, the special importance of energizing responses as the economy slips into an alternative phase of growth cycles, so that our responses could become more sensitive to the critical moment when massive deterioration of social justice begins to take place.

This is important in at least four ways. First, we can reduce the deterioration of social justice, e.g., infant mortality, deaths from pregnancy, child labor, prostitution, etc., and guarantee gender security.

Second, we can stop the gender-specific achievements obtained during the growth period

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<sup>5</sup> Amartya Sen, *Resources, Values and Development*, Cambridge, MA: Harvard University Press, 1984. Also see, Jean Dreze and Amartya Sen, *Hunger and Public Action*, Oxford: Clarendon Press, 1987, and Amartya Sen, "Global Justice: Beyond International Equity," in Inge Kaul, Isabelle Grunberg, and Marc A. Stern, eds., *Global Public Goods*, The United Nations Development Programme, New York: Oxford University Press, 1999.

<sup>6</sup> UNICEF (United Nations Children's Fund) *The State of the World's Children*, New York:

from being eroded. In order to ensure that gender equality and mainstreaming are irreversible achievements, one must be sensitive to the most likely moments of reversal, and respond strategically to deter this reversal.

Third, the process of economic recovery following the crisis is, in a way, a critical moment to enhance gender mainstreaming, since more people are willing to accept the need for change and to pursue global standards. Also, the crisis may have a kind of consciousness-raising impact on women and drive them to pay more efforts for self-reliance and empowerment, by seeking higher education, starting one's own business, increasing political participation, etc., because of the understanding that the traditional protective shield for women may no longer exist.

This is most vividly observed among Japanese women today. In the local elections held in April 1999, all major parties appointed an increased number of female candidates, and the number of successful female candidate grew dramatically. College enrollment of women has increased, and more female students are majoring in economics, law, or sciences, where the gender-biased distribution of students was traditionally prevalent. More women are seeking business opportunities as entrepreneurs of SMEs (Small and Medium Enterprises) or in the decision-making ranks of big business. More women are pursuing careers in academia, education, and journalism. And more women are studying abroad and seeking employment in international organizations because of limited opportunities at home. The outcome may not be satisfactory yet. But, while many Japanese women struggle to at least stay where they were before the recession, more Japanese women are seeking to land, as they leave the long tunnel of recession, not where they stood before, but at a point far beyond the imaginations of their predecessors. This is what we must aim for. A focus on WIDEC will sensitize both sides, donors and recipients, of the rescue packages/economic assistance to the need not only to maintain gender security, but also to dramatically enhance gender mainstreaming and gender equality as the economy heads toward recovery, and call attention to the unique opportunities found in an otherwise totally destructive phase of development.

Fourth, WIDEC assistance will provide donors and recipients with a kind of early-warning system of rare precision. If you focus on women and children, you will be the first to know of a downturn in the economy, because they are usually the first casualties. SMEs face scarcity of working capital far before major banks and firms find themselves in a credit crunch. Most female workers are found in SMEs, often as part-time employees, providing flexible labor which is easily dismissed when profits begin to decline. Women also constitute the majority of the work force in the export sector, and are easily laid off if even a slight sign of recessionary pressure is observed in the global market. All such changes in the livelihood of women directly change the fate of their dependents. More girls dropping out of elementary schools, a rise in the number of premature deaths reported to rural health centers, surfacing of

child labor and trafficking, etc., in dramatically developing economies well-integrated into the global market are the first silent signs as well as the long-lasting ultimate consequences of an economic crisis. If immediate responses are taken when the first such signs appear, you will not only be able to minimize these social and human tragedies, but also possibly minimize the adverse impact of the global market on your national economy.

In a similar vein, we ought to propose the concept of CID (Children in Development) and CIDEC (Children in Development and Economic Crisis). Since children, by definition, i.e. because of their young age, are unable to form political lobbies or draw conceptual guidelines to advance their own social interests, they must be given special and massive attention by both local and international communities, particularly during economic crisis. An age-specific focus in combating the economic crisis is as a gender-specific focus, and should be able to win wide acceptance in any culture, since all who have survived were once fragile children.

## **5. Gender Security and Democratization**

While the advanced countries in the region, including Japan, ought to put greater focus on gender-specific rescue and recovery assistance packages, what should be the more fundamental endogenous agenda for the developing countries in order to ensure gender security at a time of economic difficulties? How should women respond to the economic crisis if they wish to enhance their gender security and eradicate the social injustices that could bring them and their dependents the worst human tragedies?

Amartya Sen's thesis contains important implications. In his Nobel Prize winning studies on famine and social choice, he found that no substantial famine has ever occurred in an independent and democratic country with a relatively free press.<sup>7</sup> "We cannot find exceptions to this rule; no matter whether we look at the current starvation in Sudan or North Korea, or the recent famines in Ethiopia, Somalia or in other dictatorial regimes, or earlier famines in the Soviet Union in the 1930s, or in China during 1958-61 with the failure of the Great Leap Forward, or earlier still the famines in Ireland or India under alien rule. ... Famines are often associated with what look like natural disasters, and the commentators on famines often settle for simplicity of explaining famines by pointing to these events. ... But the fact is that many countries with similar natural problems – often worse – manage perfectly well, because a responsive government intervenes to help alleviate hunger. ... Indeed, even the poorest democratic countries that have faced terrible droughts or floods or other natural disasters (such as India in 1973, or Zimbabwe and Botswana in the early 1980s) have been able to feed its people without experiencing a famine. ... Famines are easy to prevent if there is a serious

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<sup>7</sup> Amartya Sen, "Democracy and Social Justice," paper presented at the Republic of Korea/World Bank International Conference on Democracy, Market Economy and Development, February 26-27, 1999, pp. 12-13.

effort to prevent them, and a government of a democratic country – facing elections and criticisms from opposition parties and independent newspapers – cannot but make a serious effort to prevent famines.”<sup>8</sup>

Political independence and democracy, according to Sen, are the two determinants that differentiate between a poor country and a poor country with famines. Today in most parts of the world, political independence has been achieved, and famines are responded to by serious rescue operations as soon as they surface. However, gender-specific deprivation remains as the latest core of social injustice, Thus let us replace the notion of famines by the notion of gender-specific deprivation, and political independence by economic self-reliance, by which we mean a national consensus to consolidate endogenous and mass-encompassing development so that globalization would not mean losing one’s own initiative over one’s economy. We may be able to conclude by saying that, democracy and economic self-reliance are the two determinants that differentiate between a crisis-stricken developing economy and a crisis-stricken developing economy with an acute gender-biased deprivation. It is not surprising, then, that Asia, which has traditionally experienced many acute forms of gender-biased deprivation, has embraced so many female political leaders in pursuit of democracy. If we adopt initiatives for democratization as a major regional long-term responses to the economic crisis, our children might be able to look back on this crisis as a turning point for the better, and we will all constitute an anonymous part of a great human history.

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<sup>8</sup> Sen, *op.cit.*

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